

the withdrawal of deposits must have been met in coin and would have put a heavy pressure upon the coin reserves. But the small notes were readily received, the deposit accounts of the solvent banks were not assailed and the Scotch banking system retained as completely as ever the confidence of the people.

The history of Scotch banking has been comparatively uneventful in recent years. The reduction of the interest paid on deposits and the investment of a large share of Scotch banking assets in London tended to prevent the rapid growth of resources and to assimilate the operations of the Scotch banks to those of other British joint-stock banks. The crisis of 1907, however, enabled the banks to increase their rate of interest on deposits temporarily to four per cent., which drew back some depositors.¹ The depreciation of consols, which caused losses to nearly all British banks, was responsible in part for the first banking amalgamation in Scotland since 1868. This was the absorption in 1907 by the Bank of Scotland of the Caledonian Bank. The latter, the smallest of the surviving Scotch banks of issue, with deposits of about £1,350,000, had been since 1878 working in harmony with the larger institution, but had not been conspicuously successful. The merger made the total assets of the Bank of Scotland at the close of 1907 £21,955,629, and put it at the head of all Scotch banks in magnitude of resources. The Bank of Scotland added the authorized note issue of the Caledonian Bank, which was £53,434, to its own previous issue of £343,418.* Another merger, in March, 1908, absorbed the Town and County Bank into the North of Scotland Bank, and reduced the number of banks in Scotland to eight. The authorized issue of the Town and County Bank was £70,133, and its assets on January 1, 1908, were £

¹ London *Bankers' Magazine*, February, 1908, LXXXV., 230. ² *Ibid.*, August, 1907, LXXXIV., 170-72. ³ *Ibid.*, April, 1908, LXXXV., 634.